



COUNTY OF LOS ANGELES

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June 2, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: Richard Sanchez
Acting Chief Information Officer

A handwritten signature in black ink, reading "Richard Sanchez", is written over the printed name and title.

Subject: **MICROSOFT MASTER SERVICES AGREEMENT 75272
2007-2008 ANNUAL STATUS REPORT**

The purpose of this report is to provide an annual status of activity under the County's Master Services Agreement (MSA) 75272 with Microsoft Corporation (Microsoft). This status report covers the time period from May 24, 2007 through May 23, 2008.

On May 24, 2005, the Board approved an MSA with Microsoft for Premier Support Services (PSS) and Microsoft Consulting Services (MCS). Microsoft PSS provides priority support and operational guidance that helps organizations achieve mission-critical system reliability, availability, supportability, and manageability of Microsoft technologies. Microsoft MCS provides proven practices for architecting, planning, building, and deploying Microsoft technologies.

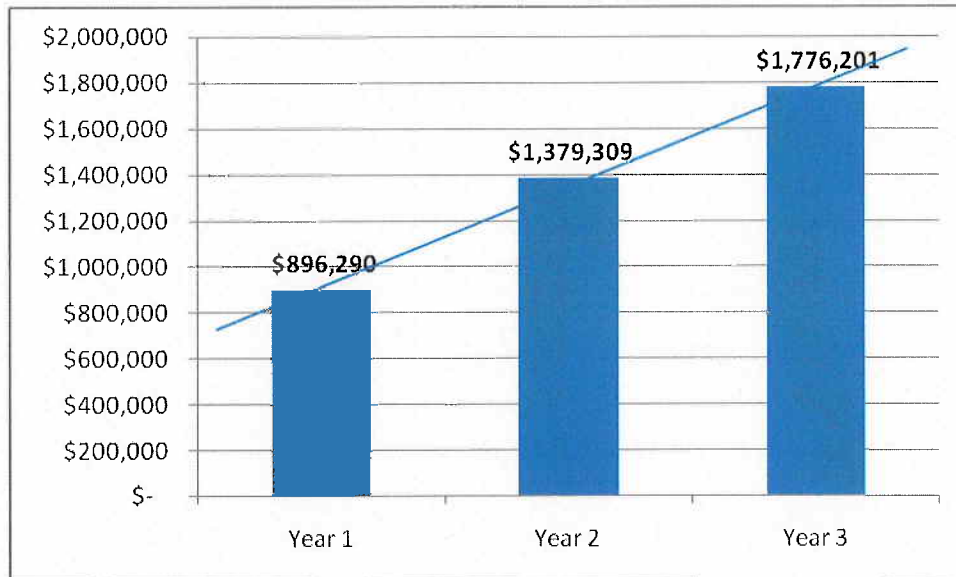
During this reporting period, ten departments have established engagements or Statement of Services (SOS) for PSS coverage, and two departments have engaged MCS. The total value of these services is \$1,776,201. Attached is a detailed listing of the SOS by department.

Based on anticipated PSS renewals, approximately \$800,000 is projected to be expended by departments during the next reporting period, in addition to any MCS engagements.

MSA Term Extension and Expenditure Limits

The Microsoft MSA has been successfully used by many departments over the past three years. The total value of services utilized by departments has steadily grown year after year, as shown in the following chart:

Microsoft MSA Annual Expenditures



The initial term of the Microsoft MSA ends on December 31, 2008. Given its success, the CIO will be exercising its delegated authority to extend the term of Agreement for four years until December 31, 2012. This ensures County retains its favorable pricing gained through the negotiated caps on fee increases, which has resulted in PSS rates that are either at, or in most cases below, Microsoft's Public Sector Published Rates.

In addition, we will be seeking Board approval for a proposed amendment to the Agreement in the August-September 2008 timeframe that will recommend:

- Increasing the annual calendar year \$2.0 million expenditure limit of the Agreement to accommodate department demand. This adjustment of the expenditure limit will prevent any unnecessary loss of required services to departments.
- Increasing the CIO delegated authority to allow my Office to execute MCS SOS of \$300,000 or less from the current \$100,000 or less limit, which will bring the Microsoft MSA in alignment with the other Board approved MSAs (IBM and Oracle).

Should you or your staff have any questions, please contact David Hamamoto, Associate CIO/CISO, at dhamamoto@cio.lacounty.gov or (562) 658-1700.

RS:DH:GM:ygd

Attachment (1)

c: Deputy Chief Executive Officers
IT Board Deputies
Joyce Aiello, Office of the County Counsel
David T. Gallagher, Director of Contracts, US Public Sector Svs., Microsoft Corp.

Microsoft Services by Department

Service	Department	SOS#	Description	Executed	Term	Amount
MCS	RR/CC	710-C-002	Design & Planning of MS Active Directory & Exchange	5/24/2007	6/1/07 - 9/21/07	\$ 96,000
PSS	DPW	690-S-003	Microsoft Priority Support Services	5/24/2007	7/1/07 - 6/30/08	\$ 84,725
PSS	RR/CC	710-S-002	Microsoft Priority Support Services	5/24/2007	5/24/07 - 5/23/08	\$ 54,360
PSS	DHS	195-S-003	Microsoft Priority Support Services	6/15/2007	7/1/07 - 6/30/08	\$ 208,820
PSS	Sheriff	770-S-003	Microsoft Priority Support Services	6/19/2007	7/12/07 - 7/11/08	\$ 99,037
PSS	CEO	060-S-003	Microsoft Priority Support Services	6/21/2007	7/1/07 - 6/30/08	\$ 66,190
PSS	DMH	435-S-003	Microsoft Priority Support Services	8/16/2007	9/16/07 - 9/15/08	\$ 135,350
PSS	ISD (Midrange)	300-S-006	Microsoft Priority Support Services	8/24/2007	8/24/07 - 8/23/08	\$ 124,219
PSS	Superior Court	842-S-002	Microsoft Priority Support Services	8/28/2007	8/28/07 - 8/27/08	\$ 54,360
MCS	RR/CC	710-C-003	Design & Planning of MS Active Directory & Exchange	9/24/2007	9/24/07 - 11/30/07	\$ 93,000
PSS	Exec Office	061-S-002	Microsoft Priority Support Services	11/30/2007	12/11/07 - 12/10/08	\$ 97,130
PSS	ISD (ITSS)	300-S-007	Microsoft Priority Support Services	3/5/2008	3/5/08 - 3/4/09	\$ 81,420
PSS	DPSS	140-S-002	Microsoft Priority Support Services	3/10/2008	3/11/08 - 3/10/09	\$ 174,575
MCS	DPSS	140-C-001	Board Approved Migration from Lotus Notes to MS Exchange	3/13/2008	3/17/08 - 12/31/08	\$ 257,250
PSS	ISD (CAD)	300-S-008	Microsoft Priority Support Services	3/31/2008	4/1/08 - 3/31/09	\$ 52,635
PSS	ISD (Midrange for DCFS)	300-S-009	Microsoft Priority Support Services	3/31/2008	4/1/08 - 3/31/09	\$ 97,130
					Total	\$ 1,776,201